

FINANCE AND BUDGET COMMITTEE MEETING TUESDAY, DECEMBER 12, 2023
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A Finance and Budget Committee meeting was held on Tuesday, December 12, 2023, in the City Hall Council Chambers.

Committee Members Present: Scott Bahr, Chair
Kathleen McIntyre, Vice Chair

Committee Members Absent: Brandon McCullough, Member

City Officials and Others Present: Rob Donovic, Councilmember
Scott Morgan, Councilmember
Paul Bernier, City Attorney
Michael Slater, Finance Director

Andrea Oquist, Superintendent, LPS
Mark Johnson, Board President, LPS
Karen Bradford, Board Vice President, LPS
Crystal Frank, Board Trustee, LPS
Colleen Burton, Board Trustee, LPS
Liz Jarvis, Board Trustee, LPS
Madeline Acosta, Board Trustee, LPS

Additional Attendees: Martha Ptashnik, Council-elect
Carrie Budzinski, Council-elect

1. CR 297-23 The subject matter of the City's agreement with the various Livonia School Districts regarding tax collections.

Finance Committee Chairman Scott Bahr shared background on the issue (see attached document). Mike Slater then shared the City's perspective, followed by Andrea Oquist sharing the school district's reasons for why they believe the fee currently assessed to them for collecting summer taxes should be reduced. Other LPS board members also shared their perspectives.

Extensive conversation followed, with the following points being of note:

- We don't have a record of how those who signed the original 1994 agreement came up with the number of \$284,000, which has increased each year since at the same rate as the contractual pay rates of the Local 192 city employees. Even with these increases, the current fee is slightly less than the 1994 fee adjusted for inflation.
- By state law (MCL 380.1611), the City can only charge this tax administration fee to schools. This includes Wayne RESA, which currently does not pay an administration fee. (LPS, Clarendville, and Schoolcraft do.)
- All parties agree that the number should not be zero. It's appropriate for the schools to be paying something to reimburse the city for summer tax collection costs.
- The law says that cities can charge an administrative fee for the "reasonable expenses incurred by the city in assessing and collecting the school taxes, to the extent that those expenses are in addition to the expenses of assessing and collecting other taxes at the same time."
- It is not City Council's role to negotiate contracts, so any adjustment to the agreement should be decided by the Administration working with LPS leadership before bringing a revised agreement to Council for approval.
- Oquist suggested that LPS would okay with a per-parcel charge similar to the \$2.50/parcel that the state would pay if the State Education Tax were the only tax collected in the summer.
- Donovic voiced his opinion that the fee should be lower; the challenge is in figuring out what the appropriate number is.
- Bahr reminded everyone that regardless of who shoulders this cost, it's ultimately the taxpayer that is paying for it. While LPS wants to lower this cost for them, doing so creates a significant hold in the City's budget. Because this agreement has been in place for almost 30 years, it has been an assumed part of both the City's and LPS's budget, so any change will be a hardship for the City - and thus its residents.

Councilmember Bahr also noted his opinion that:

- The current fee is higher than can be justified in light of MCL 380.1611 and should be reduced.
- A new agreement should also set LPS, CPS, and Schoolcraft at the right proportions. (Based on current tax revenue collected for the three entities, the

- shares are 84%, 4%, and 12% for LPS, CPS, and Schoolcraft, respectively, but the original formula sets them at 87%, 8%, and 5%, respectively.)
- The City should look into including Wayne RESA in sharing the costs of a revised contract.

Donovic offered a resolution requesting a report and recommendation from the Administration as to what the revised fee should be after coming to a revised tentative agreement with the applicable school districts.

The Committee Recommends:

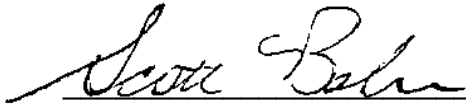
For the Law Department to prepare a resolution requesting a report and recommendation from the Administration as to what the revised fee should be after coming to a revised tentative agreement with the applicable school districts.

Note: This item will remain in Committee.

The meeting adjourned at 8:25PM

This item is to be placed on the Regular Meeting Agenda of January 17,2024.

Respectfully submitted,



Scott Bahr, Chair

TUESDAY, DECEMBER 12, 2023, 7:00PM

NAME

DEPT OR CONTACT INFO FOR NOTIFICATIONS*

*PERTAINING TO THE SUBJECT MATTER OF
THIS MEETING

Currie Budzinski